

**AMENDMENT TO SMALL CITIES DEVELOPMENT PROGRAM
OWNER OCCUPIED REHABILITATION, RENTAL REHABILITATION, AND
COMMERCIAL REHABILITATION
PROGRAM GUIDELINES AND POLICIES**

SECTION O

PROGRAM INCOME & REVOLVING LOAN FUND

O.1 ---- Program Income

Is amended to strike, “Program income may be generated from housing rehabilitation through the repayment agreements. The agreements will stipulate that if an applicant sells the dwelling within ten (10) years of receiving a rehabilitation deferred loan, he/she/they must repay all of the deferred amount.”

~~Program income generated in this manner will be dedicated to a revolving loan fund set up by Mankato. Any SCDP funds received during the program years would be utilized immediately for rehabilitation activities and would only go to the City’s revolving loan fund after program close-out. This account is used solely for assisting income eligible households with home improvements when there is a gap not covered by other funds. This recapture and reuse of funds are consistent with the rehabilitation activities approved as part of the 2002 SCDP application and will provide an on going impact on housing conditions in Mankato.”~~

And insert in lieu thereof the following, “Program income may be generated from owner occupied rehabilitation, rental rehabilitation, or commercial rehabilitation through the repayment agreements. The agreements will stipulate that if an applicant sells the property within ten (10) years of receiving a rehabilitation deferred loan, he/she/they must repay the entire deferred amount.”

Program income generated in this manner will be dedicated to a revolving rehabilitation loan fund set up by Mankato. Any SCDP funds received during the program years would be utilized immediately for rehabilitation activities and would only go to the City’s revolving rehabilitation loan fund after program close-out for the specified grant.

This recapture and reuse of funds are consistent with the rehabilitation activities approved as part of the 2002 SCDP application and will provide an on-going impact on housing and commercial building conditions in Mankato.”

O.2 ---- Revolving Loan Fund

Is amended to strike, Pursuant to the terms of the City’s SCDP application and Grant Agreement, a revolving rehabilitation loan fund shall be established. This fund shall collect any repayments of SCDP monies. Such repayments shall be used for additional housing rehabilitation work at such time as they have sufficiently accumulated following close out of the original SCDP grant. The revolving loan funds will be held in a separate account and will be made available to Applicants in the City of Mankato which have a need for, and which qualify for, rehabilitation assistance. Use of the revolving funds will be consistent with these guidelines.

~~The Revolving loan fund shall give priority to those houses which were not previously assisted by the Program. The revolving Loan Fund shall not be available for repeated use by an Applicant for making additional repairs to the same house. Any house assisted by the Small Cities Development Grant prior to its close out shall not be eligible for assistance by the Revolving Loan Fund, unless specifically authorized by the City Council.~~

~~The Revolving Loan Fund will be accounted for by establishing a separate group of electronic journal and ledger accounts, including a cash account and a program income account. Procedures included in the financial management of the Revolving Loan Fund include: a recipient loan register account to record the name of the recipient (borrower), the amount of the loan, the date approved, the terms of the loan, payments, and current balances; assurances that all funds received shall be accurately classified and coded to the accounts to be credited; and, assurances that funds are immediately deposited into the proper bank account. Prior to close out of the grant, the above tasks shall be the responsibility of the Administrator. After close out the City may, at its own discretion, choose an institution to service the loans or it may service the loans itself."~~

And insert in lieu thereof the following, "Pursuant to the terms of the City's SCDP application and Grant Agreement, a revolving rehabilitation loan fund shall be established. This fund shall collect any repayments of SCDP monies. Such repayments shall be used for eligible uses under the Small Cities Development Program at such time as they have sufficiently accumulated following close-out of the original SCDP grant. Eligible uses under the Small Cities Development Program include:

- Housing Rehabilitation. This includes owner-occupied, single family, rental/multi-family units.
- Commercial Rehabilitation
- New Construction – Owner and Rental
- Home Ownership Assistance (Down payment Assistance/Gap Financing)
- Public Facility Improvements: (i.e., water systems, sewer systems, drainage facility construction or improvements, etc.), including Assessment Abatement
- Acquisition/Rehabilitation
- Acquisition/Demolition
- Relocation (generally associated with other eligible activities)
- Conversion (generally associated with other eligible activities)
- Center/Facility

The revolving rehabilitation loan fund will be held in a separate account and will be made available to qualified Applicants in the City of Mankato. Use of the revolving rehabilitation loan funds will be consistent with these guidelines.

Revolving rehabilitation loan funds will be issued on a first come – first serve basis and will be based upon demand of eligible uses, with an emphasis placed on assisting owner occupied housing and commercial rehabilitation. Individual allocations over \$25,000 must be approved by the Economic Development Authority. Allocations of funding for eligible uses other than housing and commercial rehabilitation must be reviewed and approved by the Minnesota Department of Employment and Economic Development. The Economic Development Authority reserves the right to use any remaining balance of the revolving rehabilitation loan fund as leverage for a future Small Cities Development Program grant.

The revolving rehabilitation loan fund shall not be available for repeated use by an Applicant for making additional repairs to a property that has already participated in the program. Any property assisted by the Small Cities Development Grant prior to its close-out shall not be eligible for assistance from the revolving rehabilitation loan fund, unless specifically authorized by the Economic Development Authority.

The revolving rehabilitation loan fund will be accounted for by establishing electronic journal and ledger accounts, including a cash account and a program income account. Procedures included in the financial management of the revolving rehabilitation loan fund include: a recipient loan register account to record the name of the recipient (borrower), the amount of the loan, the date approved, the terms of the loan, payments, and current balances, and assurances that funds are immediately deposited into the proper bank account. Prior to close-out of the grant, the above tasks shall be the responsibility of the Administrator. After close-out the City may, at its own discretion, choose an institution to service the loans or it may service the loans itself."

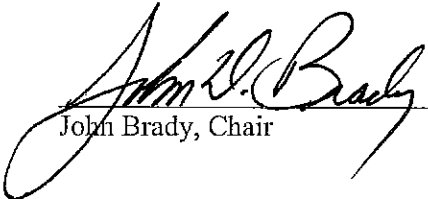
Except as specifically modified herein, all other terms and conditions of the SCDP Program Guidelines and Policies will continue in full force and effect.

The act of adopting the amendment to the Owner Occupied Program Income & Revolving Loan Fund Guidelines and Policies shall also amend the Rental Rehabilitation and Commercial Rehabilitation Program Income and Revolving Loan Fund Guidelines and Policies to read the same.

Upon a motion made and seconded, the Amendment to the City of Mankato Small Cities Development Program Guidelines & Policies for Rental, Owner Occupied, and Commercial Rehabilitation is hereby approved and adopted by the Economic Development Authority of the City of Mankato, subject to any changes recommended by the Minnesota Department of Employment and Economic Development in their capacity as funding agency for the Small Cities Development Grant Program.

Approved this 12th day of May, 2008

Attest: 
Patrick Hentges, Executive Director


John Brady, Chair